

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4021-03
Bill No.: HCS for SCS for SB 808
Subject: County Officials
Type: Original
Date: May 4, 2010

Bill Summary: Modifies various provisions relating to political subdivisions

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 48.020

In response to similar legislation filed this year (HB 1806, 4433-06), the following responded:

Officials from the **Office of Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Office of State Courts Administrator, Office of the Attorney General, Department of Revenue, State Tax Commission, and St. Louis County** assumed this proposal would have no fiscal impact on their organizations.

Officials from the **Office of Administration, Division of Budget and Planning** assumed this proposal would not result in additional costs or savings to their organization.

Oversight did not receive any other responses to our request for information on this proposal.

Oversight assumes there would not be any fiscal impact to the state or to local governments.

Section 67.1000

In response to similar legislation filed this year (HB 1272, 3461-01), the following responded:

Officials from the **Office of Economic Development** and the **Department of Revenue** each assumed the proposal would not fiscally impact their respective agencies.

Officials from the **City of Jefferson** stated the increased amount in revenue would be approximately \$280,000 per year.

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ASSUMPTION (continued)

Oversight assumes this proposal as written is enabling legislation and would require action by the city's governing body before fiscal impact would be realized. Oversight assumes no state or local fiscal impact.

Section 67.1360

Oversight assumes this proposal would allow the County of Montgomery, City of Ashland, and the City of Sugar Creek to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms. The tax shall be at least 2% but no more than 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Section 67.2000

In response to similar legislation filed this year (SB 700, 3792-02), the following responded:

Officials from the **Department of Revenue** stated their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,441. The value of the level of effort is calculated by taking 1 FTE for a total of one month, for modifications to the department's sales tax system (MITS).

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Officials from **DeKalb County** estimated the fiscal impact of the above-referenced bill for fiscal years 2009, 2010 and 2011 to be as follows:

- Revenues: Revenues for 2009 are final as this is the 12th month of the year. One-fourth is \$157,260. Revenues for 2010 estimated at \$150,000 and the same for 2011. I did not include an increase in Sales Tax for the 2010 and 2011 as it has declined from 2008 and I do not anticipate an increase in Sales Tax in the future.

ASSUMPTION (continued)

- Costs: Holding hearings for the establishment of this district would incur the expense of publication of hearing notices in the local newspapers. This expense would be approximately \$600 per newspaper with three newspapers to publish the hearing notice. Total expense estimated to be \$1,800. The expense of holding a County wide election is estimated to be \$8,000. If the issue passes and a board is appointed, the expense of their actual and necessary expenses would occur. This is estimated to be \$4,000 per year. This board would have to have Errors and Omissions Insurance with an estimated cost of \$5,000 per year.

Officials from **Daviess County** assumed they would incur election costs of \$12,060 in FY 2011 as a result of this proposal.

Officials from **Caldwell County** and **Clinton County** did not respond to our request for a statement of fiscal impact.

Oversight assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. If the governing body of the county approves the creation of an Exhibition Center and Recreation Facility District and the voters within the district approve a sales tax to operate the district, the Department of Revenue would collect the sales tax and would withhold a 1% collection fee. The collection fee would be deposited in the State's General Revenue Fund.

If the counties attempt to establish a district, they would realize the cost of an election, which is required to establish a district, and the district would realize income generated by the sales tax, and would have costs related to the operation and maintenance of the district. All amounts of income and costs are indeterminable and based upon the desire and action taken to set up such a district.

Section 94.271

Oversight assumes this proposal would allow the City of Grandview to charge a guest tax on charges for sleeping rooms paid by guests of hotels and motels not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

ASSUMPTION (continued)

Sections 94.510, 94.550 & 94.577

In response to identical legislation filed this year (HB 1442, 3380-01), the following responded:

Officials from the **Department of Revenue** and the **Office of the State Treasurer** each assumed the proposal would have no fiscal impact on their respective agencies.

Officials from the cities of **St. Louis**, **Kansas City**, **Springfield** and **Columbia** did not respond to our request for fiscal impact.

Oversight collected municipal sales tax rate information from the Department of Revenue for the following cities:

St. Louis	4.016%
Kansas City	2.375%
Columbia	2.000%
Jefferson City	2.000%
Springfield	1.375%

Oversight does not have information regarding the breakdown of these sales tax rates into general sales tax and sales taxes dedicated to other things such as capital improvements, transportation, public transit, public safety, and parks and recreation.

Since the proposal states ‘cities that have already imposed and collected taxes under this section may continue to collect such taxes under this section without further approval by the voters as a continuation of a tax previously approved by the voters of the city’, **Oversight** will assume the proposal would not have a direct fiscal impact on existing sales tax rates. The proposal may have a fiscal impact on municipalities in the future that intend to implement a new sales tax or increase their existing sales tax rates.

Section 94.832

In response to similar legislation filed this year (SB 862, 4692-02), officials from the **City of North Kansas City** estimated that for each one-percent that the local citizens vote to impose, North Kansas City’s collections would increase by about \$100,000 or a maximum of an estimated \$500,000 should the maximum 5% level be approved.

ASSUMPTION (continued)

Oversight assumes this proposal would allow the City of North Kansas City to charge a tax to guest of hotels and motels and other businesses that offer sleeping rooms not to exceed 5%. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and will not reflect a direct fiscal impact as a result of this proposal.

Sections 473.739 & 473.742

In response to similar legislation filed this year (SB 808, 4021-01), officials from the **City of St. Louis** and **St. Louis County** assumed there would be no fiscal impact to their respective agencies.

Oversight did not receive any other responses for fiscal impact.

Oversight assumes this proposal is permissive in nature; therefore, Oversight will not reflect a direct fiscal impact as a result of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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Income - Exhibition Center and
 Recreation Facility District

Voter approved sales tax (Section 67.2000)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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Costs - Exhibition Recreation Facility
 District

Operation, maintenance, election, etc. (Section 67.2000)	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Section 67.2000

Small businesses within any newly created district may have to collect and remit additional sales taxes to the Department of Revenue.

FISCAL DESCRIPTION

Section 67.2000

This act allows real property owners in the Cameron School District located in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts. If such a district is created, it may seek voter approval for the imposition of a one-quarter of one percent sales tax, for a period not to exceed twenty-five years, to fund the district.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

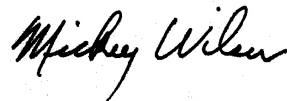
SOURCES OF INFORMATION

Office of Administration
-Division of Budget and Planning
Office of Secretary of State
Office of State Courts Administrator
Office of State Treasurer
Attorney General's Office
Department of Revenue
State Tax Commission
Department of Economic Development
St. Louis County
City of Jefferson
DeKalb County
Daviess County
City of North Kansas City
City of St. Louis

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NOT RESPONDING

Caldwell County
Clinton County
City of Grandview
City of Kansas City
City of Springfield
City of Columbia

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 4, 2010

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